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	CENTRAL INTELLIGENCE AGENCY	REPORT					
	INFORMATION REPORT	CD NO.					
COUNTRY	East Germany	DATE DISTR.	19 May 1955				
SUBJECT	Changes, Dismissals of Employees, and Production Status of Plants under the	NO. OF PAGES	1 2				
PLACE ACQUIRED	Ministry for Machine Construction	NO. OF ENCLS.					
DATE OF		SUPPLEMENT TO REPORT NO.	25X1				
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1. A meeting							
Rau then control into particulars about wage policy, which he called unbounded for the future. He said that wages have risen considerably the production output, a condition which no economy can also apparent, he continued, that wages have been accustomed to do.							
3.	Exceptions may be made when the materials probetter material could be presented and when the declares in writing that production would cear materials at hand were not and. We accounted for in a writing that product to 67 million DME in War alone. Rau said that the materials are used when reached the plant, but has me used when period. There would be, therefore, no question	i could have to hear the whole in	instay, miletechnik) if it production.				

period. There would be, therefore, no question

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materials merely in stock, but of having hoarded it. He announced further that there will be a standardization control for material consumption,

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	very lightly. He instructoverhead.	ted that greatest	economy be made	in	
4.	Rau criticized HV RFT ve production displacements manager of HV RFT, which large sum. Production di with the explicit permiss Ministry for Machine Con at its disposal. The exiutilized by agriculture to procure the necessary	had cost the splacements may n ion of the Minist struction had prasting small inves and heavy industry funds on credit.	economy a economy a ow be carried ou er. Rau stated ctically no inve tment funds woul y. The plants we	very t only that the stment funds d be re advised	
5•	handled correctly. Penal the deadline of their co as well as their postpon	ty schould be imp ntract. The cance ement is illegal.	llation of conta	O BYCGG	
6.	Rau was specially concer commodities and he menti motor scooter, PITTY. He scooter has now lasted of completed. At first, the move it. After two more enough for a racing car care must be taken that	oned, for example said that the decrete three years a vehicle received years of work, it but completely us such things are	velopment his his and still a motor to a motor to received seeless for not repeat	k 40 Haltring Middeter. Pality at other	
7.	Rau found fault with the enough good use of Russ: the Ministry for Machine command to use these primprovement in technolog skilled workers as be announced the introduct order to find the most plants would be compared	e Construction obliggressive methods gical research of eing of the greate ion of so-called economic method, od.	ligated all plan immediately. Ra the plants and est importance. comparisons of p costs of the sam	ts under its u named the the training He also lants. In e or similar	
8.	In conclusion, Rau decl by some industries, esp	ecially by the sh	ipyards.	. Footie	
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INFORMATION REPORT

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OUNTRY	East Germany		DATE DISTR.	19 May 1955	
UBJECT	Production Status of Plants under	the	NO. OF PAGES		
PLACE CQUIRED	Ministry for Machine Construction		NO. OF ENCLS.	ALCONOMICS CONTRACTOR	25 X 1
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AND 794. OF THE J S. CODE, AS MEEDED. ITS TRANSMISSION OR REVEAATION OF ITS CONTRIES TO OR RECEIVE BY AN STANDARD PROBLEMENT.

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- A mosting of plant directors of the Ministry for Machine Construction, was held in Leipzig on 14 and 15 January 1955 in which one thousand the plant directors participated, Minister Heihrich Rau delivered the main address. He stated, that the over staffed conditions of the plants under the Ministry for Machine Construction would necessitate a shift of employees. He emphasized that the plants were not allowed to the dismiss employees, but that they were compiled to procure for employees of a clished or overstaffed offices equal jobs at other offices. Plant directors who do not comply with these basic regulations would be subjected to disciplinary punishment. To illustrate his point, Rau gare as an example the punishment of Fritz Aurich; plant director of VSB Funkwerk Dresden, who was removed from his post
- Rau then entered into particulars about wage policy, and the said that wages have risen considerably higher than the production output, a condition which no economy can afford. It was also apparent, he continued, that wages have been apparently handled on a large scale. It is therefore forbidden, under threat of penalty, for workmen to fill out their own wage or working hour slips, as they have been accustomed to do.
- The customery extra pay for working on poor materials may be post no longer. Exceptions may be made then the materials procurement office confirms that no better material could be procured and when the frequetion management declares in writing that production would cease in the plants if the naterials at hand were not used. Waiting periods would have to be accounted for in a written statement in each case. The whole industry. which amounts has a large materials surplus Rau continued. to 67 million DEE in HV HFT (Main Administration Radio und Fernmeldetechnis) alone. Rau said that the material may be designated surplus only if it has reached the plant, but has not been used within the planned production pariod. There would be, therefore, no question of kewing placed the materials merely in stock, but of having hoarded it. He announced further that there will be a standardization control for material consumption; the task of which will be a tight supervision of all standards of material consumption. Rau then especially criticized the HV Giesserei which according to his opinion is taking the materials situation S-E-C-R-E-T

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very lightly. He instructed that greatest economy be made in overhead.

- Rau criticized HV RFT very sharply. He mentioned particularly the production displacements ordered by Scheffler (fnu), the production manager of HV RFT, which had cost the economy a very large sum. Production displacements may now be carried out only with the explicit permission of the Minister. Rau stated that the Ministry for Machine Construction had practically no investment funds at its disposal. The existing small investment funds would be utilized by agriculture and heavy industry. The plants were advised to procure the necessary funds on credit.
- 5. Rau is of the opinion that the general contract system is not yet handled correctly. Penalty should be imposed upon all who exceed the deadline of their contract. The cancellation of contract penalties as well as their postronement is illegal.
- 6. Rau was specially concerned with the production of consumer commodities and he mentioned, for example, the first Bast German motor scooter, PITTY. He said that the development of the motor scooter has now lasted over three years and still has not been completed. At first, the vehicle received a motor too weak to move it. After two more years of work, it received a motor strong enough for a racing car, but completely useless for a motor scooter. Care must be taken that such things are not repeated, he said.
- 7. How found fault with the East German injustry which has not made enough good use of Russian progressive methods. For this reason, the Ministry for Machine Construction obligated all plants under its command to use these progressive methods immediately. Rau named the improvement in technological research of the plants and the training of skilled workers as being of the greatest importance. He also endeunced the introduction of so-called comparisons of plants. In order to find the most economic method, costs of the same or similar plants would be compared.

3 ,	In	conclusion,	Ren	declared	that	the	export	plan	had	been	poorly	fulfilled
	bv	some indust:	ries	, especial	lly by	, the	shipya	ards.				

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